

## Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00 INR-07

NSAE-00 L-03 SSO-00 NSCE-00 OMB-01 SAM-01 PA-01 PRS-01

PPT-01 SCA-01 /052 W

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R 170425Z JUL 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7596

INFO SECDEF WASHDC

JCS WASHDC

CINCPAC HONOLULU

CINCPACAF

CINCPACFLT

CINCPACREPHIL

CG 13TH AF

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CINCPAC ALSO FOR POLA

FROM USDEL 130

E. O. 11652: GDS

TAGS: MARR, RP

SUBJECT: PHILIPPINE BASE NEGOTIATIONS: DAILY SUMMARY NO. 20

1. SUMMARY. U.S. AND PHIL NEGOTIATING PANELS MET BRIEFLY  
IN PLENARY SESSION MORNING JULY 15. ROMUALDEZ OPENED  
SESSION BY POINTING OUT THAT WE HAD BEEN NEGOTIATING FOR  
ONE CLAENDAR MONTH AND THAT OUR AGREED SCHEDULE HAD  
EXPRESSED THE HOPE THAT WE WOULD HAVE DEVELOPED A COLLATED  
DARFT BY THIS TIME. SINCE HE FELT WE HAD NOT ACCOMPLISHED  
THAT OBJECTIVE, HE RECOMMENDED THAT WE TURN INSTEAD TO  
AN EFFORT TO "AUDIT" EXACTLY WHERE WE DO STAND BY PREPARING  
A REPORT WHICH WOULD RECORD AREAS OF AGREEMENT AND  
DISAGREEMENT. AFTER EXTRACTING ASSURANCES THAT REPORT  
WOULD BE FOR CONFIDENTIAL USE OF OUR TWO GOVERNMENTS AND  
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THAT EACH SIDE WOULD WRITE ITS OWN VERSION OF AREAS OF

DISAGREEMENT, SULLIVAN AGREED TO PROPOSED REPORT. ROMUALDEZ THEN OFFERED SUGGESTION THAT TWO CHAIRMEN OUGHT TO THINK OF OCCASIONAL PRESS RELEASES TO DESCRIBE PROGRESS OF TALKS. SULLIVAN SAID HE WOULD TAKE MATTER UNDER CAUTIOUS CONSIDERATION. FINALLY ROMUALDEZ ASKED WHEN HE COULD EXPECT REPLY TO HIS LETTER OF JUNE 21. SULLIVAN ASSURED HIM IT WAS BEING PREPARED IN WASHINGTON AND WOULD BE DELIVERED IN THE NEAR FUTURE. PLENARY THEN ADJOURNED TO LET WORKING GROUPS PREPARE THEIR REPORTS AND TO WORK OVER THE WEEKEND AND THROUGH JULY 19 UPON OTHER MATTERS AT THE DISCRETION OF THEIR CHAIRMEN. PLENARY WILL RESUME SESSIONS MORNING JULY 20. END SUMMARY.

2. CHAIRMEN'S GROUP RAPIDLY AGREED UPON TEXT OF REPORT INDICATING THEIR AREA OF AGREEMENT AND DISAGREEMENT. WITH VIEW TO POSSIBILITY THAT REPORT MAY EVENTUALLY BE USED BY FILIPINOS TO BLAME U.S. FOR STALEMATE OR FAILURE, SULLIVAN DELIBERATELY SLANTED TEXT TO DEMONSTRATE THAT CONCESSIONS PRODUCING PROGRESS CAME FROM U.S. SIDE, WHILE PHILIPPINE SIDE HAS YET TO BUDGE FROM ITS POSITIONS. ROMUALDEZ ACCEPTED THESE FORMULATIONS.

3. FACILITIES WORKING GROUP: ASIDE FROM SOMEWHAT ERRATIC PREPARATION OF AUDIT REPORT TO TWO PANEL CHAIRMEN, TWO NOTEWORTHY ACTIONS WERE TAKEN WITHIN FACILITIES WORKING GROUP ON JULY 16:

(A) AT US REQUEST, PHIL MILITARY REPS ON MAP SUB-GROUP MARKED ON OUR MAPS FOR THE FIRST TIME THE SPECIFIC AREAS GOP IS NOW PREPARED TO MAKE AVAILABLE FOR US USE, AS FOLLOWS:

(1) AT SUBIC, THE WATERSHED AND ALL BAY WATERS SHOULD BE RELINQUISHED; REMAINDER OF BASE EXCEPT FOR ZAMBALES TRAINING AREAS CAN BE RETAINED BY US. TRAINING AREAS, WEST OF SUBIC, INCLUDING LOS FRAILES, TABONES, NASASA-TABONES AND ZAMBALES, WOULD BE COMBINED AND ADDED TO THE PHIL BASE OF SUBIC.

(2) ALL FENCED AREAS OF SAN MIGUEL WOULD BE RETAINED  
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BY THE US, TO INCLUDE ROAD RIGHTS OF WAY. THIS IS FIRST FIRM INDICATION THAT PHILS AGREE TO RETENTION OF SAN MIGUEL.

(3) AT CLARK, US CAN RETAIN FENCED AREAS OF ZONES A AND B. ZONE C (CROW VALLEY RANGE), INCLUDING SAFETY AREA IN ZONE D, WOULD BE RELINQUISHED, EXCEPT THAT MPS 11 SITE IN NE CORNER OF ZONE D COULD BE RETAINED, TOGETHER WITH RIGHT OF WAY FROM CAMP O'DONNELL.

(4) PHILS DECLINED TO DISCUSS OR MAKE MAPS OF WALLACE AND JOHN HAY. BASED ON RECENT US EXPERIENCE WITH OTHER BASE NEGOTIATIONS, HOWEVER, IT SHOULD BE EMPHASIZED THAT ABOVE SPECIFICS REPRESENT WORKING-LEVEL POSITIONS ONLY; THEY WILL CLEARLY BE SUBJECT OF INTENSIVE BARGAINING AS THESE NEGOTIATIONS PROCEED, PARTICULARLY IN CONNECTION WITH ARTICLE XIX.

(B) INTELLIGENCE SHARING: PURSUANT TO INSTRUCTIONS IN STATE 171459, A MORNING SESSION WAS DEVOTED TO EDUCATING THE PARTICIPATING PHIL MILITARY REP ON CURRENT AND ON-GOING INTELLIGENCE EXCHANGE PROCEDURES. THIS INCLUDED OSI/NISO EXCHANGE WITH PC/POLICE ON COUNTERINTELLIGENCE AND EXCHANGE OF INTELLIGENCE AT THE MUTUAL DEFENSE BOARD LEVEL. EXAMPLES OF MINOR NAVY AND AIR FORCE EXCHANGES WERE ALSO DISCUSSED. IN AN AFTERNOON SESSION, AN EFFORT WAS MADE TO FORESTALL ANY ARTICLE, BUT PHIL REP WAS ADAMANT ON NECESSITY FOR SOME WRITTEN PROVISION. ACCORDINGLY, THE PHIL DRAFT ARTICLE WAS REWRITTEN TO ELIMINATE ANY REFERENCE TO RAW DATA PRODUCED AT OR DERIVED FROM THE FACILITIES, AND WORDS SUCH AS "ALL" AND "FULLY" WERE DROPPED. THE SECOND SENTENCE WAS ALSO REWRITTEN FOR CLARIFICATION. TEXT AS TENTATIVELY AGREED IS AS FOLLOWS: QUOTE: INTELLIGENCE INFORMATION AFFECTING THE SECURITY OF THE PHILIPPINES AND UNITED STATES FORCES STATIONED IN THE PHILIPPINES SHALL BE SHARED IN CONSONANCE WITH THE MUTUAL DEFENSE TREATY AND IN ACCORDANCE WITH OTHER MUTUALLY AGREED PROCEDURES. APPROPRIATE UNITED STATES AND PHILIPPINE AUTHORITIES SHALL DEVELOP INTELLIGENCE RESPONSIBILITIES FOR THIS PURPOSE. END QUOTE. WE BELIEVE THIS FORMULATION AVOIDS PROBLEM AREAS WITH WHICH WASHINGTON

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INTELLIGENCE COMMUNITY IS CONCERNED, BUT IT REMAINS TO BE SEEN WHETHER TEXT WILL SURVIVE HIGHER POLITICAL LEVEL GOP CLEARANCE. ACCORDINGLY, WE ARE NOT YET SEEKING FORMAL US APPROVAL.

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ACTION EA-09

INFO OCT-01 ISO-00 PM-04 NSC-05 SP-02 SS-15 CIAE-00 INR-07

NSAE-00 L-03 SSO-00 NSCE-00 OMB-01 SAM-01 PA-01 PRS-01

PPT-01 SCA-01 /052 W

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R 170425Z JUL 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 7597

INFO SECDEF WASHDC

JCS WASHDC

CINCPAC HONOLULU

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CINCPAC ALSO FOR POLAD

FROM USDEL 130

4. OPERATION OF BASES: WORKING GROUP COMPLETED AUDIT REPORT WHICH REFLECTS AGREEMENT IN COMMAND, SECURITY AND ADMINISTRATION (US ARTICLES III, IV AND PARAS 4 AND 5 ARTICLE VI AND PHIL ARTICLES III, IV AND V) EXCEPT FOR (A) ISSUE RELATING TO ISSUANCE OF JOINT DIRECTIVES (LANGUAGE APPEARS TO BE THE PROBLEM); (B) A MORE SUBSTANTIVE ISSUE REGARDING PROVISIONS FOR A JOINT SECURITY PLAN (WITH SOME INDICATIONS THAT PHILS MAY ACCEED TO US POSITION); (C) US REJECTION OF PHIL PARA IN ARTICLE IV PROVIDING FOR PHIL TAKEOVER OF OPERATIONS AND ADMINISTRATION OF FACILITIES IF ITS NATIONAL SECURITY SO DICTATES. TEXTS OF US PROPOSED RE-DRAFT CONSTITUTING NEW ARTICLES III, IV AND V ON COMMAND, SECURITY AND ADMINISTRATION WILL BE SUBJECT OF SEPTEL.

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5. LEGAL SUBGROUP MET AND BRIEF DISCUSSION OF AREAS OF AGREEMENT AND DISAGREEMENT SUGGESTED MORE PROGRESS THAN HAD BEEN APPARENT IN PREVIOUS MEETINGS WHICH HAD BEEN MORE CLEARLY FOCUSED ON SPECIFIC TEXTS. SPEAKING "PERSONALLY," MENDOZA OPINED THAT

MILITARY PERSONNEL AND PERHAPS THEIR FAMILIES COULD BE ADMITTED WITHOUT VISAS, AND DOCUMENTATION REQUIREMENTS FOR OTHER CATEGORIES SHOULD BE NO LESS FAVORABLE THAN FOR TOURISTS WHO MAY NOW ENTER FOR 21 DAYS WITHOUT A VISA. ON APPLICATION OF PHIL LAW, HE HAS CLEARLY ACCEPTED THE NEED FOR IMPLIED EXEMPTIONS AND IS SEARCHING FOR DRAFTING DEVICES WHICH WILL MEET COSMETIC NEEDS OF GOP. ON FCJ HE CONFIRMED THE VIEWS REPORTED PARA 3, MANILA 10369. USDEL INQUIRED WHETHER GOP WAS GOING TO CONTINUE HARD LINE POSITION REQUIRING PHIL UNILATERAL AUTHORITY OVER FINAL OFFICIAL DUTY DETERMINATION. MENDOZA STATED HE DOD NOT REGARD PHIL COURT AS UNILATERAL, BUT RATHER AS OBJECTIVE, I.E., NOT UNDER CONTROL OF EXECUTIVE BRANCH. HE ADDED THAT GOP DOES NOT REQUIRE UNILATERAL DECISION BUT COULD ACCEPT ANY MECHANISM ALLOWING REAL BILATERAL PARTICIPATION. HE MENTIONED ARBITRATION AS AN EXAMPLE. WE INTEND TO MEET AGAIN MONDAY TO AGREE ON "AUDIT" REPORTS REFLECTING THE ABOVE AND WE WILL CONTINUE DISCUSSION IN THIS AREA.

6. TAXATION: WORKING GROUP QUICKLY PRODUCED AGREED AUDIT REPORT REFLECTING MINOR CONCESSIONS FROM ORIGINAL PHIL DRAFT AGREEMENT AS PREVIOUSLY REPORTED AND BROAD AREAS OF DISAGREEMENT. PHIL REP DOES NOT EXPECT TO BE ABLE TO MAKE ANY FURTHER PROGRESS PENDING RECEIPT OF ADDITIONAL INSTRUCTIONS FROM PHIL PANEL.

7. IN THE LABOR GROUP, THE PHILS AGREED TO PROVIDE AT NEXT MEETING SPECIFIC SCHEDULES OF THE AMOUNTS OF VARIOUS DEDUCTIONS THEY WERE ASKING THAT WE MAKE FROM OUR PHIL PAYROLLS AND FROM THE PAY DUE INDIVIDUAL PHIL EMPLOYEES. THE LABOR GROUP WILL BE PREPARED TO DISCUSS SUBSTANCE ON MONDAY ONLY IF WASHINGTON RESPONSE RECEIVED ON USDEL 108 AND/OR 122.

SULLIVAN

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## Message Attributes

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